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ABSTRACT

This booklet discusses labor productivity in Texas industry as related to the increasing number of women and their need for child care. Information (in narrative and tabular form) is presented on: production costs and labor productivity, the recent influx of women into the Texas labor force, the social and economic characteristics of women in the Texas labor force, factors of productivity, child care as a function of increased productivity, and cost factors of child care. It is recommended that the possibilities of industry sponsored child day care services be further explored, and that ways of reducing costs and minimizing liabilities be studied. A sample questionnaire for employees regarding their needs for child care is included in the appendices along with tabular and graph information. (SE)

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Industry-Sponsored Child Care:

A question of productivity

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June, 1977

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TABLE OF CONTENTS

I. Introduction

II. What Texas Has to Offer

III. Production Costs

IV. Labor Productivity

V. The Changing Face of the Texas Labor Force

VI. Women in the Texas Labor Force

VII. Social and Economic Characteristics of Women in the Texas Labor Force

VIII. Factors of Productivity

IX. Child Care as a Function of Increased Productivity

X. The Cost of Child Care

XI. The Cost Factors of Child Care

XII. Conclusion

XIII. Recommendations

XIV. Appendices

INTRODUCTION

The Industrial Revolution came late to Texas. Texas' shift from a predominantly rural to an urbanized state has been swift, and until the mid-sixties somewhat haphazard. During the sixties, Texas began an aggressive campaign to recruit new industry to the state. The recruitment of industry is premised on diversifying the state's economy and is based on such factors as existing industry, transportation, markets, taxes, and the labor base.

The decision-making process on the part of an industry planning to expand or to relocate is long. The questions needing answers are many and all come down to the basic factor of the costs versus the benefits of such a move. Where are the best existing markets and what is the potential market? Are the raw materials necessary to production readily available? Do existing transportation facilities give ready access to markets? What percentage of industries' profit will be eaten up by taxes? Is a trained labor pool available? Basically, where will the profit made exceed by the greatest percentage the cost to deliver a finished product?

WHAT TEXAS HAS TO OFFER

As a result of this aggressive campaign to recruit new industry into Texas and to encourage existing industry to expand, Texas has begun to receive national attention for the positive aspects of the state as a location for industry. Texas'

frontier image not withstanding, as the north-eastern states began losing population, as labor costs grew, as work stoppages increased, as taxes skyrocketed, as fuel to run factories became dear, Texas has begun to look more attractive to industry.

The features just becoming known in the sixties became an accepted fact in the seventies. Texas' "wide open spaces" have lured cramped industry in need of room to expand. A booming petrochemical industry offered money reserves for construction and expansion. The winters seemed not so harsh, and the cost of living was lower. So, too, the cost of doing business.

Taxes on industry are appreciably lower. Land is readily available and the cost per acre is substantially reduced. A network of fine highways, new airports and ample port facilities has reduced the time and cost of transportation. The state is centrally located to reach into the expanding markets of the Sunbelt. The state's labor force is large and young and becoming more of both. And most importantly, they want work. Few, if any, jobs are left unfilled for a significant length of time.

PRODUCTION COSTS

The basic factors involved in the cost of goods include construction costs, land prices and capital acquisition. These costs, while high, may be amortized over the length of the mortgage. Other than the cost of raw materials, the single largest cost to the manufacturer, and thus to the consumer, is that of labor.

Labor costs are not dictated solely by wages. They include capital invested per employee in manufacturing, employee welfare, legally required payments, training costs and pay for time not worked, whether that be vacations, excused absences or non-occupational injury or illness.

In August, 1975, the Conference Board in New York released its "Road Maps of Industry No. 1766" entitled Capital Invested In Manufacturing. Using 1972 data from the Bureau of Labor Statistics, the Internal Revenue Service and the Conference Board, it was stated that "...the total capital invested in manufacturing establishments, including factory buildings, machinery and equipment, plus inventory and cash on hand, amounted to $603 billion by the end of 1972, or an average of $31,580 per employee." The report went on to say that capital invested per production worker averaged $43,194. [See Table 1 for individual industry figures.] While these figures are applicable only to start-up costs, it is significant that from 1966 to 1972 the capital invested per production worker increased at an average annual rate of 8.9 percent. Recent Texas Industrial Commission figures for three plants engaged in divergent types of manufacturing show per employee investment, ranging from $20,000 to $60,000.

In February, 1976, the Central Power and Light Company of Corpus Christi released figures concerning the aforementioned additional factors concerned with labor costs.

Central Power & Light
Corpus Christi
1976

	Cost to Company	Annual Cost Per Employee
Employee Welfare:	$ 4,427,436	$ 1,882.42
Legally Required Payments:	1,832,122	778.96
Pay for Time Not Worked:	3,363,252	1,429.95
Miscellaneous (includes training):	439,424	186.83
Total Employee Benefits:	$10,062,234	$ 4,278.16

In order to document the costs for training of production work employees, the Texas Industrial Commission conducted a survey [See Table II] of 160 industries falling within three major Standard Industrial Classification codes. The following table indicates the per production worker training time and cost by industry.

TIC Survey
(complete survey Table II in appendices)

Industry	Training Cost	Time to Train
Apparel	$ 1,821.87	21 weeks
Electronics	1,038.37	13 weeks
Medical and Surgical Supplies	933.33	6 weeks

What all the figures say, using the three industries surveyed by TIC is that on an average a manufacturer will invest between $19,100.03 and $47,316.53 per production worker during the first year, on the basis of capital invested per production worker, benefits and training costs. For example, an apparel manufacturer with twenty production workers will invest $382,000.60 during start-up, while an electronics manufacturer with its 20 production workers will invest $946,330.60 per employee.

While these figures may seem staggering (they do not include wages), a portion may be defrayed over the life of the mortgage. But if the major portion of the investment is in buildings and machinery, it is also true that the company would recoup none of its investment were it not for its investment in a trained labor force. Labor productivity is an offsetting factor to the high rate of investment in capital-intensive industry.

LABOR PRODUCTIVITY

The Dictionary of Economics and Business defines labor productivity as "...the amount of product turned out by a worker per unit of time." Two factors are used to measure labor productivity. The first is value added by manufacture per production worker, which is measured by dividing the value added by manufacture by the number of production workers. The second factor is the value added per production worker per wage dollar and is determined by dividing the value added by manufacture by production worker wages.

According to the U.S. Bureau of the Census, Department of Commerce, in the 1972 Census of Manufactures, the U.S. average for value added by manufacture per production worker was $25,554.00. In Texas, $29,638.00 was the value added by manufacture per production worker, a creditable 15.9% above the national average, giving Texas a 9th place ranking among the states.

The Bureau of the Census found that Texas workers added $4.07 to the value of the products they make for every dollar they are paid. The national average for value added per production worker per wage dollar was $3.35.

Using the apparel industry as an example, and based only on the difference between capital invested per production worker in 1972 and the value added by manufacture per production worker, each production worker in Texas returned $16,638.00 more than was invested in that same employee during the first year of operation.

Texas' high rate of labor productivity is an obvious drawing card to out-of-state industry. It

might be assumed that this high rate of productivity would be related to stable conditions within the state's labor force, but this is, in fact, not the case. What is surprising is that the Texas labor force has managed this level of productivity while undergoing dramatic change.

THE CHANGING FACE OF THE TEXAS LABOR FORCE

In 1850, there were 115.1 men for every 100 women in the state's population. An article appearing in the December, 1975, issue of Texas Business Review, published by the University of Texas' Bureau of Business Research, cited Census forecasts indicating that by 1980 there will be only 92.5 men per 100 women in the population. Census estimates indicate that women made up 57% of the state's population gain from 1970-1975. Projections show further that by 1980, Texas women will number over 6,500,000. While the impact on the state's economy may well be mitigated by the increased revenues, the dramatic increase in the number of women entering the labor force will very certainly have a tremendous impact on this state's economy and industry.

In 1940, men held a commanding 77.9% of the labor force, with a corresponding labor force participation rate of 84.4%. The labor force of a state is defined as the total number of workers sixteen and over willing to work at prevailing wage rates; thus, it includes both the employed and unemployed. The labor force participation rate is the ratio of labor force to total population in any specific group. By 1970, the labor force figures and the participation rate for men had dropped to 63.9% and 77.9% respectively.

By contrast, and reflective of the growing economic pressures on the family, as well as the increasing numbers of women who are single heads of household, more than one million women entered the Texas labor force between 1940 and 1970. The percentage of women in the labor force jumped from 21.1% in 1940 to 36.1% in 1970, while the participation rates for these same years increased from 24% to 40.7% respectively.

Age Structure of the Texas Labor Force by Sex, Selected Years, 1940-1970

[Source: See "Texas Labor Force by Sex and Age, Selected Years, 1940-1970", Texas Business Review, March, 1975.]

(Percentages)

Sex and Age	1940	1950	1960	1970
Female				
16-24	28.0	23.5	18.3	23.5
25-34	29.5	23.9	20.8	20.4
35-44	21.8	24.6	23.9	20.6
45 & over	20.7	28.0	37.1	35.5
Total	22.1%	25.5%	30.5%	36.1%
Male				
16-24	19.7	18.6	17.3	20.7
25-34	27.1	25.1	23.8	22.7
35-44	22.5	23.4	23.0	20.7
45 & over	30.6	32.9	36.0	35.9
Total	77.9%	74.5%	69.5%	63.9%

Texas Labor Force Participation
by Sex & Age, Selected Years 1940-1970

[Source: See "Texas Labor Force by Sex and Age, Selected Years 1940-1970", Texas Business Review, March, 1975.]

(Percentages)

Sex & Age	1940	1950	1960	1970
Female				
16-24	27.5	31.8	33.3	41.9
25-34	28.5	29.1	35.0	46.1
35-44	26.5	33.4	41.9	50.4
45 & over	16.1	21.7	30.8	33.9
Total	24.0%	27.9%	34.3%	40.7%
Male				
16-24	70.7	72.9	70.2	65.3
25-34	95.7	91.5	95.2	94.2
35-44	95.4	94.4	95.8	95.0
45 & over	79.3	76.7	74.5	70.7
Total	84.4%	82.9%	82.0%	77.9%

WOMEN IN THE TEXAS LABOR FORCE

As the ratio of women to men in this state increases, as the number of women in the labor force continues to grow, and as economic uncertainties continue, women will play an increasingly major role in the labor base in Texas. As Texas continues its aggressive program of industrial development it is apparent that women will be moving into manufacturing jobs in greater numbers, and into jobs that have been traditionally male-dominated. As these things occur, it is important that any special factors concerning the women in the labor force be identified and dealt with, in order that labor productivity as a function of industry recruitment not be seriously impacted.

Between 1960 and 1970 Census figures indicate that the number of women in the labor force rose by 50%, and further that the number of women employed in manufacturing increased from 19% to 25%. Were current figures available, they would certainly indicate a continuing pattern of growth in both the number of women in the Texas labor force, as well as their employment in manufacturing.

Since 1971, the industrial start-up training program, jointly sponsored by the Texas Industrial Commission and the Texas Education Agency, has been responsible for training over 8,600 women for employment in manufacturing. It is anticipated that the percentage of women entering these training programs will increase, and that during 1977, over 5,000 women will be trained for various types of manufacturing jobs.

There has also been a significant increase in the locations and expansions of industries in Texas that hire women as a major portion of their production staff. The following table indicates the number of new and expanded industries by classification for those industries where women dominate the labor force.

The apparel industry is the heaviest user of women in production work, but as women begin to move into nontraditional fields, the training programs, too, have opened. Women have recently been trained in production work for such divergent skills as metal fabrication and crane operation. The only remaining factors keeping women from entering all areas of manufacturing work are the needs for additional training programs and residual social mores concerning "women's work".

[Source: Texas Industrial Expansion
Bureau of Business Research
University of Texas at Austin]

	1974	1975	1976	1977 (Jan-Mar)
Food & Kindred Products	57	50	41	9
Textile Mill Products	11	6	1	1
Apparel & Related Products	29	37	35	9
Electrical & Electronic Equipment	45	20	45	5
Professional, Scientific & Optical Goods	18	18	21	1

SOCIAL AND ECONOMIC CHARACTERISTICS OF WOMEN IN THE TEXAS LABOR FORCE

In 1974 the Office of Early Childhood Development, Texas Department of Community Affairs, published a study entitled 46 Things You Need to Know About Texas Children: The Darker Side of Childhood. This document identifies not only the problems facing Texas children, but the working women of this state, as well. Combining this data with more current information, as available, the following social and economic characteristics of women in the Texas labor force are clear.

*Between 1960 and 1970 the number of women in the labor force increased by 50%.

*From 1960 to 1970 the number of women in manufacturing employment grew from 19% to 25%.

* The number of married women in the labor force increased from 31% to 40% between 1960 and 1970.

*In 1970, 43.9% of the women in the labor force were of childbearing age.

*34% of the women in Texas with children under six were in the labor force in 1970 -- by 1973, this figure had risen to 40%.

*84% of Texas women with children under six are working because of economic necessity.

*Between 1972 and 1976 the number of divorces in Texas rose from 60,343 to 76,685.

*From 1960 to 1970, women-headed households increased 34%.

*During the same period, households headed by mothers rose 85.6%.

*28% of the working mothers in Texas with children under six are the sole support of their families.

*40% of the women in the Texas labor force with children under six have not finished high school.

*Texas children under six with working mothers outnumber the licensed child care spaces by 312,000. (1973)

FACTORS OF PRODUCTIVITY

The direct relationship between profit and productivity is undeniable. If labor productivity is defined as the amount of product turned out by a worker per unit of time, and profit is determined by maximum output at the lowest per unit cost, then the factors affecting labor productivity also exert a direct influence on a company's profit margin. Of the factors affecting the productivity of the worker, the three that seem most significant are turnover rates, absenteeism and working conditions.

The loss of an employee, particularly a production worker, is costly to a company. Sporadic absenteeism can have a significant effect on a company's output. A manufacturer must, in the case of absenteeism, do without the services and output of that employee for the duration of the absence. In the case of small manufacturing companies where there is not a backup to that absent employee, time and money can be lost.

Whether small or large, a company with a medium to high rate of turnover can have serious economic problems. The Texas Industrial Commission survey indicated that training costs may vary from an average of $933.33 to $1,821.87 and that the length of time to train a production worker ranges from six weeks to 21 weeks. The loss of a trained employee, coupled with the cost of training a new employee, as well as the production problems associated with the loss and the training time, can be great.

The Department of Labor, Bureau of Labor Statistics, reports that in 1975, the labor turnover rate for "quits" in manufacturing, on the basis of an annual average, stood at 1.4 per 100 employees, down from 2.7 per 100 in 1973. What this may indicate is not growing job or wage satisfaction, the two reasons given most often for leaving

one's present employment, but rather the economic uncertainties that make a job more important than "the" job.

As indicated earlier, most women in the Texas labor force are working due to economic necessity. The fact is that 84% of Texas women with children under six are working because of economic necessity. However, while it might seem otherwise, documentation does not show that economic necessity and a low turnover rate are one and the same.

The Texas Industrial Commission survey of the apparel, the electronics, and the medical and surgical supplies industries indicates that women employees have, in most cases, a higher annual turnover rate than all employees by a factor of from 1% to 7% on an average. In the industries surveyed, the difference between the annual turnover rate for male employees versus women employees ranged from 0% difference between the two groups to as high as a 31% greater turnover rate among women workers.

This high turnover rate is not indicative of these women's ability to perform and perform well in manufacturing employment. It is rather a function of the dual careers held by working mothers. The 46 industries responding to the Texas Industrial Commission questionnaire represented 13,089 women employees, 9,054 of whom were production workers. The industries, when asked to "list two major reasons for women employees leaving your company", in 76% of the responses indicated child care responsibilities as the primary reason women were leaving. In 95% of the responses, child care responsibilities was listed in either first or second place.

CHILD CARE AS A FUNCTION OF INCREASED PRODUCTIVITY

Question:

What are the perceived benefits to your company if you sponsored child care for your employees?

Answer:

"Fewer lost man hours."

"Possibly better attendance."

"Less absenteeism, increased productivity, ability to hire and retain better people, limited number of happier employees."

"More convenience for mothers and possibly could help in our recruiting."

"Better labor relations."

"Reduction of absenteeism and access to a larger potential work force."

"Community image."

Fifty-four percent (54%) of the companies responding to the Texas Industrial Commission survey indicated a positive attitude toward the perceived benefits of child care facilities for employees. Thirty-seven percent (37%) had discussed the possibility of instituting child care for their employees.

In its 1973 Annual Report, the Northside Child Development Center, a consortium of six Minneapolis, Minnesota, based companies, stated:

"For a 24-month period...the average monthly turnover rate for mothers using the Center was 1.70%, while for all other women doing the same job, the average monthly turnover rate was 5.47%...

In summary, the investigation of the effects of the Center on parents' absenteeism, turnover and job performance continues to show a favorable and positive trend."

In a 1973 ruling, the Internal Revenue Service declared a corporation's payments to a child care center in behalf of its employees' children an "...ordinary and necessary business expense, deductible under Section 162 of the code." The ruling stated that the "...purpose of the taxpayer (manufacturer) in providing the availability of the child care center is:

1) to provide an employee with a place to send his or her child while at work knowing that the child is receiving proper care,

2) to reduce absenteeism, increase productivity and reduce company training costs, and

3) to reduce employee turnover.

(Rev. Rul. 73-348 1973-2, C.B. p.31)

THE COST OF CHILD CARE

Question:

"What are the major drawbacks to industry-sponsored child care?"

Answer:

"Cost."
"Regulations make it prohibitive for my size business."
"No idea."
"Administrative costs, red tape."
"Cost, availability of qualified and satisfactory help."
"Cost and insurance."
"Regulations - financing."
"Cost, facilities, legal liabilities."

Fifty-two percent of those industries responding to the TIC Survey regarded the cost of such an operation as a major hurdle in implementing child care for employees. The remaining 48% mentioned insurance and state regulations as possible areas that would cause problems; these, too, are related to cost.

THE COST FACTORS OF CHILD CARE

There are many variables involved in evaluating the cost of child care. The three basic cost items are staff, facilities and furnishings, but the true cost of these factors will vary depending on the area and the ages of the children served. It is essential that a thorough survey of the community as a whole and the industries' employees in particular be conducted initially in order to ascertain the real needs and to uncover expertise.

Most communities have access to a great many untapped resources which can ameliorate some of the start-up costs of child care facilities.

A fine example of a program integrating the desire for quality child care and the in-depth research necessary to sound decision-making, is that of the Social and Public Services Citizens Committee of the City of Brenham, Texas. In September of 1976, a report entitled Brenham Day Care Center: A Feasibility Report, authored by Janice Archer, was presented to the Brenham Day Care Committee. The report is based on a 1974 decision to initiate the building of a child care facility in Brenham using Federal funds. The study lays out several alternatives, based on the minimum state regulations as promulgated and enforced by the State Department of Public Welfare and founded in the desire for quality child care.

Long-range planning, money availability and necessary contracting and bidding procedures put the opening date for the child care center into the early part of 1978. But time constraints on part of the funding as well as the assessed needs of the community substantiated the desirability of an interim center. The community survey demonstrated that the center should have a care-giving capacity of 100 children, and a study of existing buildings found that the Baptist Church had adequate facilities to meet the standards of both the State and the community.

Remembering that the center will initially serve 50 children between the ages of two and four, the budget projections for both a "minimum scale" and a "maximum scale" follow. Remember, too, that both scales are based on quality developmental child care rather than custodial care.

BUDGET PROJECTION

Brenham Day Care Center
MINIMUM SCALE FOR BAPTIST CHURCH

(50 children)

Program Budget Summary	Total
Salaries (5 staff people & fringe benefits)	$ 26,357.46
Material and supplies	2,833.58
Food and snacks	6,191.30
License	50.00
Rent & Utilities ($250/mo.x 12)	3,000.00
Office supplies & postage	50.00
Renovations	60.00
Insurance -- Pupil Liability ($2.00/child x 50)	100.00
Staff	81.00
Medical Supplies ($5.00/mo.x 12)	60.00
Center custodial supplies ($10.00/mo.x 12)	120.00
Subtotal	$ 38,903.34
Bonding	195.00
TOTAL	$ 39,098.34

Source: Brenham Day Care Center: A Feasibility Report, Janice Archer and Dr. Douglas Godwin, for the Brenham Day Care Committee, September, 1976.

BUDGET PROJECTION

Brenham Day Care Center
MAXIMUM SCALE FOR BAPTIST CHURCH

(50 children)

Program Budget Summary	Total
Salaries (10 staff members & fringe benefits)	$ 73,022.92
Material and supplies	13,018.69
Food and snacks	17,851.00
Telephone ($22.00/mo.x 12)	264.00
License	50.00
Rental & utilities ($250/mo.x 12)	3,000.00
Kitchen & custodial supplies	770.16
Office equipment & supplies	1,546.87
Renovation	100.00
Insurance -- Pupil	100.00
Liability - Staff	81.00
Medical supplies ($5.00/mo.x 12)	60.00
Staff travel	480.00
Staff training (5 days)	700.00
Subtotal	$111,044.64
Bonding	555.00
TOTAL	$111,599.64

Source: Brenham Day Care Center: A Feasibility Report, Janice Archer and Dr. Douglas Godwin, for the Brenham Day Care Committee, September, 1976.

A copy of the complete study outlining alternatives, operational policies, curriculum and including a detailed breakdown of the maximum and minimum budgets may be obtained by writing to the:

Texas Department of Community Affairs
Early Childhood Division
210 Barton Springs Road
Austin, Texas 78701

Based on the minimum scale, the per child cost per week would be $15.04. Using the maximum scale, the cost per child would be $42.92. It is also clear that these two budgets leave room for adapting to a company's needs, and there is room for reducing cost in several areas while upgrading the program offered.

CONCLUSION

The idea of industry-sponsored child care is certainly neither new to the United States nor industry. Between 1941 and 1944, the number of women working in the U.S. increased by four million. By 1942, Congress and the President had provided over $150 million for facilities including child care centers for war-related industries. By July of 1945, over 1.6 million children were participating in industry-sponsored, federally-funded child care programs.

The need today is no less than it was during World War II. Ten years ago, national figures indicated there were 4.1 million working mothers with children under six years of age and 6.4 million mothers with children between the ages of six and 17. By 1975, national figures showed that 27.6 million children have working mothers and that 6.5 million of these children are under six years of age.

Texas figures are no less dramatic. While the number of women entering the state's labor force increased from 1.1 million to 1.6 million between 1960 and 1970, this same period saw the number of working mothers with children under six grow from 184,951 to 267,583. If as has been projected the female population in Texas reaches 6,540,000 by 1980 and if current trends hold, 1,831,200 women will be in the Texas labor force by 1980, an increase of over 220,000 in a ten-year period. If the national ratio of working mothers with children under six years of age holds at one in three, 610,400 women in this state's labor force will be in need of child care facilities.

In 1970, women workers made up 15.8% of the employment in goods-producing industries. It has been previously noted that the numbers of industries, hiring predominantly women, moving into Texas in the last five years have increased dramatically, leaving little doubt that the percentage of women working in goods-producing industry has increased by as much as 10%. As the number of women moving into traditional male jobs increases, particularly as a result of the greater number of women entering training programs for the skilled trades, the impact on industry will be notable.

As was addressed earlier, those industries having a high turnover rate among women employees indicated that child care responsibility was a major factor in both the turnover and in absenteeism. And a high turnover rate and absenteeism are major factors affecting an industry's productivity. Before labor productivity decreases, as a result of an inadequate number of child care facilities to meet the growing need, the possibilities of industry-sponsored child care must be addressed.

Sponsoring child care for an industry's employees need not mean the building of a new facility, nor a huge capital outlay. It may only mean bringing together those employees in need of child care and giving them direction toward a satisfactory solution. It may mean taking leadership in an effort to draw the entire community into addressing the need for child care. What it will mean for those industries whose surveys show a real need is that employees are generally happier in their work and certainly more productive.

RECOMMENDATIONS

Study the industry
--how much production time is lost to absenteeism and turnover?
--are night shifts causing problems for employees with children?
--how much absenteeism and turnover can be attributed to child care responsibilities?

Survey the employees (see sample questionnaire in appendix)
--how many children are represented?
--what are the ages of the children?
--what kind of care are they presently receiving?
--what economic levels do the employees represent?
--in how many households do both parents work?
--how many are single heads of household?
--how many attribute to child care responsibilities absenteeism?
--are the employees content with the care the child is now receiving?

Study the community
--do child care facilities already exist?
--are existing facilities adequate to the need?
--what do the existing facilities charge per week?
--what local, state or federal programs exist that could assist with starting up a child care facility?
--could other industries in the area be talked to about a joint effort?
--does a Junior College in or near the area provide training for Child Development Associates?
--do the high schools in the area offer vocational homemaking education programs?

--are retired persons with expertise in teaching child development or health matters available to assist?
--are free health care facilities available for children in your community?
--are there volunteer organizations in your community to assist?

Analyze the Liabilities

Insurance

Child care facilities are classified as Day Nurseries and fall under Owners, Landlords, and Tenants Liability Insurance. Rates are based on Texas' experience, but vary from urban to rural areas. The basic limits per occurence are $25,000 for bodily injury and $5,000 for property damage. In most rural areas and small cities the rate for basic coverage will be $1.10 for bodily injury and $.014 for property damage per 100 square feet of space. In Dallas, the bodily injury rates for basic coverage are $1.50 and in Houston, $2.00.

In discussing methods of reducing risk and thereby rates and liability in child care centers, most insurance agents feel that the minimum standards as set by the Department of Public Welfare are not strict enough in some areas to warrant lower rates. They do feel that a company could reduce risk by including insurance people in on the planning stages for a child care facility.

Cost

Facilities, staff, insurance, food, materials and supplies and utilities are but a few of the factors involved in the cost of a child care facility. Part of the cost is, of course, covered by the fees charged by the facility, but start-up costs must rely on initial capitalization.

Many of these costs can be reduced through the suggested study of the community's resources, others through policy decisions. For instance, were the center to require parental transportation to and from the center, this would eliminate the need for center-owned or insured cars. It would also reduce the risk incurred by the company.

Another cost saving factor would be parent participation in the activities of the center. If on a rotating basis parents could spend two half-days a month working in the center, it would have an effect on the staff-child ratio and reduce cost. Other benefits that cannot be calculated are increased security on the part of the children, who know their parents are in proximity, and parents who know that their children are receiving the best possible care.

Other methods of reducing costs and of bringing employees into the cohesive effort of setting up a child care center would be to draw upon competencies that the employees have that are not directly related to their work. Many of the materials needed for the center could be built by those knowing carpentry. Employees knowing business people around the community could

solicit donations of materials, time and other commodities necessary to the start-up of the center. Businesses could participate by donating administrative expertise such as bookkeeping, helping to remodel facilities or in donating food. Fund raisers involving the community might be the answer to many of the start-up costs.

Mitigating the Liabilities

--The non-profit corporation:

An industry may set up a child care facility as a non-profit corporation, and lease to that corporation and area for a child care facility. Not only does this reduce both the risk and liability to the industry, it allows for tax deductions that might otherwise be inappropriate.

As a non-profit corporation, the child care center with a board made up of management, parents and community experts (i.e., insurance, health, child development, nutrition, etc.), can apply for tax exempt status. Donors can then take deductions for the monetary value of their gifts. Several categories of tax exempt status are available under Section 501 of the Internal Revenue Code. Section 501(c)(4) grants exempt status to "local associations of employees" where the "...net earnings be devoted to...educational purposes...". The non-profit corporation and the possibility of receiving tax exempt status not only encourages donations, but also limits the taxable nature of donations.

Many of the start-up costs could be ameliorated in the form of grants in the case of a non-profit corporation. And, in fact, many of the on-going costs could be reduced via this same system. But certainly of primary importance is the reduced risk to the industry itself for insurance purposes.

--In rural areas or areas where several industries are in close proximity, industries could form a joint venture to institute child care for their employees. This would reduce the cost to any one industry and spread the liability.

--Encourage the community to set up a child care center with donations from the industry as incentive.

--Contract with existing child care facilities to care for employees' children.

--Sublease an appropriate part of an existing facility to a third party to provide child care.

And Finally

It would seem that industry-sponsored child care could have two major benefits to industry, aside from the overriding factor of increased productivity. The existence of quality child care supported by and encouraged by industry would certainly have its use as a recruiting device. Women who might otherwise remain at home or seek part-time work would be more likely to seek employment in an industry offering this type of service.

Secondly, while the availability of child care is a service rather than a benefit, it might also serve as an incentive for employees. For example, an industry could, after the first year of employment, offer a 10-15% rebate on the cost of child care, with a sliding scale fee based on the number of years in employment to follow.

It is the recommendation of this report, that faced with the increasing number of women entering the Texas labor force, and the growing number of women entering the skilled trades valued by industry, that child care is too important a factor in productivity to be overlooked. It is not unusual and is, in fact, historically correct, that industry should take the lead in innovative approaches to employee well being. The success of an industry is based on the commitment of its employees to turn out a good product. Child care is one way of developing employees into a more cohesive and productive group.

APPENDICES

Table I - "Capital Invested in Manufacturing"

Table II - TIC Survey

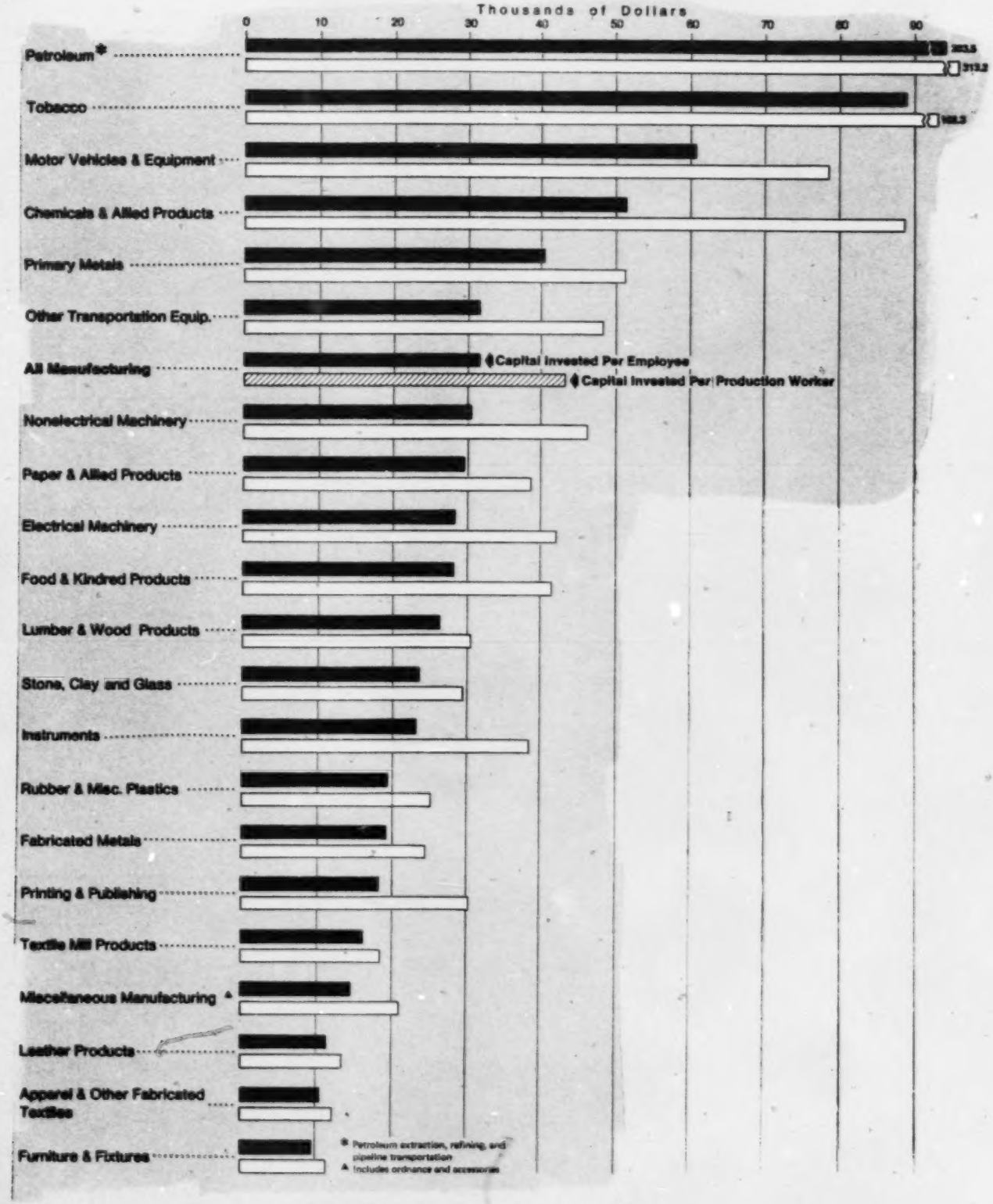
Table III - Sample: Employee Questionnaire

Resources

Bibliography (paginated for reference purposes)

TABLE I

Capital Invested Per Employee in Manufacturing, 1972



SOURCES: *Bureau of Labor Statistics; Internal Revenue Service; The Conference Board — Road Maps of Industry — 1975*

Table II

Texas Industrial Commission Survey of Industries

	Apparel	Electronics	Medical & Surgical Supplies
# of employees	6,735	16,838	1,915
# of women employees	6,113	5,824	1,152
# of women production workers	5,278	2,911	865
Estimated annual turn-over rate, all employees	53%	30%	32%
Estimated annual turn-over rate, women employees	60%	31%	36%
Average cost of training one production work employee	$ 1,821.87	$ 1,038.37	$ 933.33
Average length of time to train one production work employee	21 weeks	13 weeks	6 weeks

Table III

SAMPLE EMPLOYEE QUESTIONNAIRE

prepared by

Michael Bruce, Chairperson
Child Care Committee
Austin Commission of the Status of Women

This questionnaire (edited) was sent to City of Austin employees in order to determine the need for city-sponsored child care arrangements.

I. Do you have any children under 17 years of age living in your home?
___ no
___ yes - If "yes" continue with questionnaire.

Next, think about the hours during which you are normally working and mark for each child whether you have someone regularly care for this child:
a) at home
b) away from home
c) or, the child cares for herself/himself

II. The following questions refer to your current child care arrangements:

1. For those children who stay at home for any part of the day while you are away at work, who cares for these children?
a) a parent
b) another adult relative
c) another person who is not a relative
d) child cares for herself/himself or is cared for by an older brother or sister
e) the child is not at home during any of my normal working hours

Answer the following questions for each of your children:

2. What days of the week do you need child care services for each child?
3. At what time does child care now begin and end for each child?
4. How much do your current child care arrangements cost per month for each of your children?

5. Do you need child care services on days of the week when these services are not now available?
   ___ no
   ___ yes - If "yes", what days of the week do you need and can't get services? For how many children?
6. Do you need child care services during certain hours of the day when these services are not now available?
   ___ no
   ___ yes - If "yes", what hours of the day do you need and can't get services? For how many children?
7. Do you have any complaints about your current child care arrangements?
   ___ no
   ___ yes - If "yes", what complaints do you have?
8. Have you had any problems getting or continuing your current child care arrangements?
   ___ no
   ___ yes - If "yes", what problems have you had?

III. Please answer the following questions with regard to <u>all</u> of your children:

1. Do you sometimes need temporary care for your children on an irregular basis such as:
   ___ no ___ yes 24-hour care?
   ___ no ___ yes temporary care?
   ___ no ___ yes drop-in care?
2. Do you need care on a regular basis such as:
   ___ no ___ yes 24-hour care?
   ___ no ___ yes weekend care?
   ___ no ___ yes after school care during the school year for school-age children?
   ___ no ___ yes before school care during the school year for school-age children?
   ___ no ___ yes all day care for your child during summer vacation, other school vacations, holidays, etc.?
   ___ no ___ yes infant care (ages 0-2 years)?
   ___ no ___ yes care for a handicapped and/or health impaired child?

IV. The Family

1. During your normal work week if one of your children is sick, do you have to stay at home and be absent from work so that you can care for your sick child?
   ___ no
   ___ yes - If "yes", estimate the number of <u>days per year</u> that you have to stay home with a sick child.
2. What do you think is a <u>reasonable</u> amount to pay for child care per month (for one child)?
3. What is the <u>maximum</u> amount you would consider paying for child care (for one child)?
4. If the City of Austin were to offer quality child care services at reasonable distance from your home and job, would you want to use these services?

RESOURCES

The following people or agencies should be contacted for expert technical assistance in the field of child care and related areas.

Jeannette Watson, Director
Early Childhood Development Division
Texas Department of Community Affairs
Box 13166, Capitol Station
Austin, Texas 78711

Joan Whitson, Nutrition Consultant
Division of Maternal and Child Health
Texas Department of Health Resources
1100 West Forty-ninth Street
Austin, Texas 78756

Licensing Division
State Department of Public Welfare
John H. Reagan Building
Austin, Texas 78701

Division of Occupational Education
and Technology
Texas Education Agency
201 East 11th Street
Austin, Texas 78701

Parent-Child Development Center
205 North Delmar
Houston, Texas 77011

Private Schools and Institutions
Child Nutrition Program
USDA Food and Nutrition Service
1100 Commerce Street
Dallas, Texas 75200

Texas Agricultural Extension Service
Texas A&M University
System Administration Building
College Station, Texas 77843

National Association of Child Care
Administrators
Division of Education
University of Texas at San Antonio
San Antonio, Texas 78285

Southwest Educational Development
Laboratory
Early Childhood Program
211 East Seventh Street
Austin, Texas 78701

Child Development Center
Forney Engineering
3405 Wiley Post Road
Addison, Texas 75001

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